

# Managing cash flow during a period of crisis



The **COVID-19** pandemic has caught businesses and individuals unaware as most did not anticipate such a “**black swan**” event. We cannot however despair, but rather, we need to take immediate steps to ensure our survival and ultimate return to financial health.

The global **COVID-19** pandemic is exacting a terrible human toll and it is argued that the biggest impact will be on the world economy, therefore, I would like to share some thoughts on what you can do as an individual or business to ensure that your cash flow is managed through these tough times.

## Addressing cash flow issues

1. Government has announced several fiscal interventions in support of businesses and individuals such as wage subsidies and loan guarantees. Please refer to “**Guideline for Botswana COVID19- Pandemic (Corona Virus) Relief Fund**” which can be found on **BWgovernment** Facebook page. Ensure your business does not miss out on the opportunity to apply for assistance where offered. No helping hand should be ignored.
2. You need to urgently manage your expenses and costs better. Cut where you can, revisit planned big spends and postpone where possible. Focus on core needs such as bills, food, staff salaries and internet connection and do away with as many wants as possible such as take-aways, jewelry and unnecessary staff benefits.
3. Consider selling off some of your assets, liquidate some investments and try to generate some cash in order to support your immediate short-term cash flow needs. Although it is not the optimal time to do so, the potential “**losses**” suffered should be weighed against your ultimate survival and the level of your short-term cash flow needs.
4. Engage with all stakeholders (employers, employees, property owners, etc.) to see if they are able and willing to support you with some concessions as this will once more impact your cash flow and ability to meet your revised cash flow commitments.

With regards to the above, Bank Gaborone has expressed its willingness to work with clients who are impacted and to support them with deferments and short-term loans based on individual needs assessments. The bank has also taken further steps by offering free banking on all its digital channels for the month of April and a 25% discount on the same from the 1st May 2020 until the 30th June 2020 as we believe that this will also assist you in managing your costs.

We therefore encourage our clients to engage with their respective relationship managers and branch managers to assist them in this process.

Irrespective of the above, given the assumption that this is a cash flow crisis, it is critical that you gain a detailed understanding of your cash flow over the next 12 weeks and that you use the information gained from the action steps above to compile your cash flow. Any new information should be used to update this cash flow continuously and should be shared with your banker.

In the long-term, you will need to revisit your business strategies, product and service offerings, cash flow drivers and individual skills set in order to remain relevant for the new tomorrow as the world will permanently change as a result of **COVID-19**.

Finally, you should accept that this process will not be painless and it will require sacrifice, it will take time to recover but you should look at it as a positive change that will better prepare you should there be another similar event.

Joachim Klitzke  
Head: Credit